

Village of Peck

Sanilac County, Michigan

Audited Financial Report

March 31, 2005

Lehn L. King

**Certified Public Accountant
Marlette, Michigan**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

RECEIVED
DEPT. OF TREASURY

AUG 19 2005

LOCAL AUDIT & FINANCE DIV.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Peck	County Lapeer
Audit Date 6/6/05	Opinion Date 6/6/05	Date Accountant Report Submitted to State: 8/18/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

Lehn L. King, C.P.A.

Street Address

3531 Main Street

City

Marlette

State

MI

ZIP

48453

Accountant Signature

Date

7/12/05

Village of Peck
Annual Financial Report
For The Fiscal Year Ended March 31, 2005

Table of Contents

	<u>Page Number</u>
I. Independent Audit Report	1
II. Management's Discussion & Analysis (Required Supplementary Information)	
III. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	2
Statement of Activities	3
Fund Financial Statements:	
Government Funds	
Balance Sheet	4
Reconciliation of Fund Balances to the Statement of Net Assets.....	5
Statement of Revenue, Expenditures, & Changes in Fund Balance.....	6
Reconciliation of the Statement of Revenue, Expenditures, & Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	7
Proprietary Funds	
Statement of Net Assets.....	8
Statement of Changes in Net Assets.....	9
Statement of Cash Flows	10
Notes to Financial Statements	11-20
IV. Required Supplemental Information	21
Budgetary Comparison Schedule	
General Fund.....	22-23
Major Special Revenue Funds	24-30
Major Capital Project Funds.....	31
V. Other Supplemental Information.....	32
Schedule of Indebtedness	33-34

LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

Honorable Village Council
Village of Peck
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Peck, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Peck, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Peck, Michigan as of March 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Peck, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Lehn King

Lehn L. King
Certified Public Accountant

June 6, 2005

Village of Peck

Peck, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Village of Peck's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Village's financial statements.

Financial Highlights

The General Fund for the Village of Peck had a fund balance of \$161,577, as of March 31, 2005. This gives the Village a healthy financial position for the General Fund.

The Water Fund had another \$4,800 increase in working capital this past year and \$40,000 the year before. With the increase in Water rates, the Water Fund is building its working capital.

Overall, the Village is in good financial position.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Village's annual report.

The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending March 31, 2005 (see note one in the notes to the financial statements).

	Governmental Activities		Business-Type Activities		Total	
	3/31/2005	3/31/2004	3/31/2005	3/31/2004	3/31/2005	3/31/2004
Current Assets	\$ 243,372	\$	\$ 269,618	\$	\$ 512,990	\$
Noncurrent Assets	492,644		1,574,270		2,066,914	
Total Assets	736,016		1,843,888		2,579,904	
Current Liabilities	24,370		33,569		57,939	
Noncurrent Liabilities	74,141		270,073		344,214	
Total Liabilities	98,511		303,642		402,153	
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	411,798		1,063,520		1,475,318	
Unrestricted	225,708		476,729		702,437	
Total Net Assets	\$ 637,506	\$ 628,694	\$ 1,540,249	\$ 1,543,496	\$ 2,177,755	\$ 2,172,190

Village of Peck

Peck, Michigan

The Village as a Whole – Continued

The Village's combined net assets increased 0.26% from \$2,172,190 to \$2,177,754. As we look at the governmental activities separately from the business type (water & sewer) we can see that the governmental activities experienced an increase of approximately \$8,800 during the year (a 1.40% increase). The business-type activities (water & sewer) experienced a \$3,248 decrease in net assets. The assets of the Village remained constant from one year to the next.

The following table shows the changes of the net assets during the current year:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>2004-2005</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 53,055	\$ 156,935	\$ 209,990
Operating Grants & Cont's	45,973	-	45,973
General Revenues:			-
Property Taxes	138,367	-	138,367
State-Shared Revenues	62,862	-	62,862
Interest	8,298	9,554	17,852
Other Revenues	42,688	-	42,688
Total Revenues	351,243	166,489	517,732
Program Expenses			
General Government	\$ 128,049	\$ -	\$ 128,049
Public Safety	40,197	-	40,197
Public Works	163,621	-	163,621
Recreation & Culture	10,562	-	10,562
Interest on Long-Term Debt	-	24,012	24,012
Water & Sewer	-	145,725	145,725
Total Program Expenses	342,429	169,737	512,166
Change in Net Assets	\$ 8,814	\$ (3,248)	\$ 5,566

Village of Peck

Peck, Michigan

Economic Factors and Next Year's Budget and Rates

The Village of Peck's 2005/2006 adopted budget is as follows:

	General Fund	
	March 31,	
	2006	2005
Fund Balance Surplus	155,000	99,650
Revenue		
General Operations	260,305	238,850
Intergovernmental Revenue	-	-
Charges for Services	-	-
Grant Proceeds	-	-
Loan Proceeds	-	-
Other	6,000	5,000
Total Revenue Collected	421,305	343,500
Expenditures		
General Government	132,600	135,000
Public Safety - Police	64,250	42,800
Public Works	112,050	105,500
Capital Outlay	-	29,200
Debt Service	-	-
Transfers	31,000	31,000
Total Expenditures	339,900	343,500
Net Over/Under Budget	\$ 81,405	\$ -

Contacting the Village

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Village office at the Village Hall in Peck, Michigan or by telephone at (810) 378-5131.

John Cook
Village of Peck, President

Village of Peck
Statement of Net Assets (Deficit)
March 31, 2005

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 197,942.91	\$ 239,622.22	\$ 437,565.13
Accounts Receivable	45,429.12	5,006.41	50,435.53
Current Portion of Interfund Receivables	-	17,190.00	17,190.00
Due From Other Governmental Units	-	7,800.00	7,800.00
Interfund Notes Receivable	-	240,678.78	240,678.78
Capital Assets			
Nondepreciable Capital Assets	15,000.00	103,576.40	118,576.40
Depreciable Capital Assets	<u>477,644.65</u>	<u>1,230,016.27</u>	<u>1,707,660.92</u>
Total Assets	736,016.68	1,843,890.08	2,579,906.76
<u>Liabilities</u>			
Accounts Payable	9,864.08	4,378.64	14,242.72
Due To Other Funds	7,800.00	-	7,800.00
Accrued Interest Payable	-	7,000.00	7,000.00
Current Portion of Long-Term Debt	6,706.00	22,190.00	28,896.00
Noncurrent Liabilities:			
Long-Term Debt	<u>74,141.00</u>	<u>270,073.00</u>	<u>344,214.00</u>
Total Liabilities	<u>98,511.08</u>	<u>303,641.64</u>	<u>402,152.72</u>
Net Assets (Deficit)			
Invested in Capital Assets - Net of Related Debt	411,797.65	1,063,519.67	1,475,317.32
Unrestricted	<u>225,707.95</u>	<u>476,728.77</u>	<u>702,436.72</u>
Total Net Assets (Deficit)	<u>\$ 637,505.60</u>	<u>\$ 1,540,248.44</u>	<u>\$ 2,177,754.04</u>

The notes are an integral part of the statements.

Village of Peck
Statement of Activities
For the Year Ended March 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 128,049.33	\$ 31,297.27	\$ -	\$ -	\$ (96,752.06)	\$ (96,752.06)
Public Safety	40,197.38	-	-	-	(40,197.38)	(40,197.38)
Public Works	163,621.23	21,758.22	45,972.52	-	(95,890.49)	(95,890.49)
Recreation & Culture	10,562.54	-	-	-	(10,562.54)	(10,562.54)
Interest on Long-Term Debt	-	-	-	-	-	-
Total Governmental Activities	342,430.48	53,055.49	45,972.52	-	(243,402.47)	(243,402.47)
Business-type Activities	145,725.21	156,935.46	-	-	-	11,210.25
Interest on Long-Term Debt	24,012.50	-	-	-	-	(24,012.50)
Total Primary Government	\$ 512,168.19	\$ 209,990.95	\$ 45,972.52	\$ -	\$ (243,402.47)	\$ (256,204.72)
General Revenues:						
Property Taxes					\$ 138,366.52	\$ 138,366.52
State Shared Revenues					62,862.00	62,862.00
Interest					8,297.53	9,554.57
Other Revenues					42,688.15	42,688.15
Transfers					-	-
Total General Revenues, Special Items & Transfers					252,214.20	9,554.57
Change in Net Assets					8,811.73	(3,247.68)
Net Assets (Deficit) - Beginning of Year					628,693.87	1,543,496.12
Net Assets (Deficit) - End of Year					\$ 637,505.60	\$ 1,540,248.44
						\$ 2,177,754.04

The notes are an integral part of the statements.

Village of Peck
Balance Sheet
Governmental Funds
March 31, 2005

<u>Assets</u>	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Municipal Street Fund</u>	<u>Moore & Carter Fund</u>	<u>Park Fund</u>	<u>Senior Citizen Fund</u>	<u>Storm Sewer Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Cash & Cash Equivalents	\$ 126,011.73	\$ 11,234.59	\$ 19,212.79	\$ 47,307.61	\$ 14,222.36	\$ 12.12	\$ 211.21	\$ 229.41	\$ (20,498.91)	\$ 197,942.91
Accounts Receivable	45,429.12	-	-	-	-	-	-	-	-	45,429.12
<u>Total Assets</u>	<u>\$ 171,440.85</u>	<u>\$ 11,234.59</u>	<u>\$ 19,212.79</u>	<u>\$ 47,307.61</u>	<u>\$ 14,222.36</u>	<u>\$ 12.12</u>	<u>\$ 211.21</u>	<u>\$ 229.41</u>	<u>\$ (20,498.91)</u>	<u>\$ 243,372.03</u>
<u>Liabilities & Fund Equity</u>										
<u>Liabilities</u>										
Accounts Payable	\$ 9,864.08	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,864.08
Due To Other Funds	-	-	-	-	-	7,800.00	-	-	-	7,800.00
<u>Total Liabilities</u>	<u>9,864.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,664.08</u>
<u>Fund Equity</u>										
Fund Balances:										
Reserved for Police Equipment	29,500.00	-	-	-	-	-	-	-	-	29,500.00
Reserved for DPW Equipment	24,500.00	-	-	-	-	-	-	-	-	24,500.00
Unreserved - Undesignated	107,576.77	11,234.59	19,212.79	47,307.61	14,222.36	(7,787.88)	211.21	229.41	(20,498.91)	171,707.95
<u>Total Fund Equity</u>	<u>161,576.77</u>	<u>11,234.59</u>	<u>19,212.79</u>	<u>47,307.61</u>	<u>14,222.36</u>	<u>(7,787.88)</u>	<u>211.21</u>	<u>229.41</u>	<u>(20,498.91)</u>	<u>225,707.95</u>
<u>Total Liab. & Fund Equity</u>	<u>\$ 171,440.85</u>	<u>\$ 11,234.59</u>	<u>\$ 19,212.79</u>	<u>\$ 47,307.61</u>	<u>\$ 14,222.36</u>	<u>\$ 12.12</u>	<u>\$ 211.21</u>	<u>\$ 229.41</u>	<u>\$ (20,498.91)</u>	<u>\$ 243,372.03</u>

The notes are an integral part of the statements.

Village of Peck
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2005

Total Fund Balances for Governmental Funds & Equipment Fund	\$ 225,707.95
--	----------------------

Amounts reported for governmental activities in the statement of
net assets (deficit) are different because:

Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	492,644.65
---	------------

Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(80,847.00)
--	-------------

Accrued Interest Payable is not reported in the Funds	<u>-</u>
---	----------

Net Assets of Governmental Activities	<u><u>\$ 637,505.60</u></u>
--	------------------------------------

The notes are an integral part of the statements.

Village of Peck

Statement of Revenues, Expenditures And Changes in Fund Balances Governmental Fund For The Year Ended March 31, 2005

<u>Revenues</u>	<u>General</u> <u>Fund</u>	<u>Major</u> <u>Street</u> <u>Fund</u>	<u>Local</u> <u>Street</u> <u>Fund</u>	<u>Municipal</u> <u>Street</u> <u>Fund</u>	<u>Moore &</u> <u>Carter</u> <u>Fund</u>	<u>Park</u> <u>Fund</u>	<u>Senior</u> <u>Citizen</u> <u>Fund</u>	<u>Storm</u> <u>Sewer</u> <u>Fund</u>	<u>Capital</u> <u>Project</u> <u>Fund</u>	<u>Totals</u> <u>Governmental</u> <u>Funds</u>
Current Property Taxes	\$ 109,798.08	\$ -	\$ -	\$ 28,568.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,366.52
State Shared Revenue	62,862.00	26,216.27	13,421.12	-	-	-	-	-	-	102,499.39
State Trunk Line		6,335.13								6,335.13
Charges for Services	53,055.49	-	-	-	-	-	-	-	-	53,055.49
Interest Income	7,595.29	175.58	103.15	328.74	93.26	0.05	-	1.46	-	8,297.53
<u>Miscellaneous Revenues</u>										
Rental Income	34,096.83	-	-	-	-	-	950.00	-	-	35,046.83
Loan Proceeds	20,241.00	-	-	-	-	-	-	-	-	20,241.00
Miscellaneous	6,345.83	856.74	438.75	-	-	-	-	-	-	7,641.32
<u>Total Miscellaneous Revenues</u>	<u>60,683.66</u>	<u>856.74</u>	<u>438.75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>950.00</u>	<u>-</u>	<u>-</u>	<u>62,929.15</u>
<u>Total Revenues</u>	<u>293,994.52</u>	<u>33,583.72</u>	<u>13,963.02</u>	<u>28,897.18</u>	<u>93.26</u>	<u>0.05</u>	<u>950.00</u>	<u>1.46</u>	<u>-</u>	<u>371,483.21</u>
<u>Expenditures</u>										
General Government	116,799.33	-	-	-	-	-	-	-	-	116,799.33
Public Safety	38,158.38	-	-	-	-	-	-	-	-	38,158.38
Public Works	87,658.08	30,555.85	15,573.17	16,969.13	-	-	-	-	-	150,756.23
Recreation & Culture	-	-	-	-	-	3,537.19	7,025.35	-	-	10,562.54
Capital Outlay	73,069.00	-	-	-	-	-	-	-	6,370.65	79,439.65
Debt Service :										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<u>Total Expenditures</u>	<u>315,684.79</u>	<u>30,555.85</u>	<u>15,573.17</u>	<u>16,969.13</u>	<u>-</u>	<u>3,537.19</u>	<u>7,025.35</u>	<u>-</u>	<u>6,370.65</u>	<u>395,716.13</u>
<u>Excess of Revenues Over</u> <u>(Under) Expenditures</u>	<u>(21,690.27)</u>	<u>3,027.87</u>	<u>(1,610.15)</u>	<u>11,928.05</u>	<u>93.26</u>	<u>(3,537.14)</u>	<u>(6,075.35)</u>	<u>1.46</u>	<u>(6,370.65)</u>	<u>(24,232.92)</u>
Operating Transfers In (Out)	34,652.96	(6,554.07)	6,554.07	-	-	3,200.00	6,000.00	-	(43,852.96)	-
<u>Net Changes in Fund Balances</u>	<u>12,962.69</u>	<u>(3,526.20)</u>	<u>4,943.92</u>	<u>11,928.05</u>	<u>93.26</u>	<u>(337.14)</u>	<u>(75.35)</u>	<u>1.46</u>	<u>(50,223.61)</u>	<u>(24,232.92)</u>
<u>Fund Balances - Beginning of Year</u>	<u>148,614.08</u>	<u>14,760.79</u>	<u>14,268.87</u>	<u>35,379.56</u>	<u>14,129.10</u>	<u>(7,450.74)</u>	<u>286.56</u>	<u>227.95</u>	<u>29,724.70</u>	<u>249,940.87</u>
<u>Fund Balances - End of Year</u>	<u>\$ 161,576.77</u>	<u>\$ 11,234.59</u>	<u>\$ 19,212.79</u>	<u>\$ 47,307.61</u>	<u>\$ 14,222.36</u>	<u>\$ (7,787.88)</u>	<u>\$ 211.21</u>	<u>\$ 229.41</u>	<u>\$ (20,498.91)</u>	<u>\$ 225,707.95</u>

The notes are an integral part of the statements.

Village of Peck
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ (24,232.92)**

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation 79,439.65

Loan Proceeds are recognized as revenue in the Governmental Funds,
but not in the Statement of Activities (20,241.00)

Depreciation is an Expenditure for the Statement of
Activities, but is not reported in the Governmental Funds (26,154.00)

Net Assets of Governmental Activities \$ 8,811.73

The notes are an integral part of the statements.

Village of Peck
Statement of Net Assets (Deficit)
Proprietary Funds
March 31, 2005

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>Current Assets</u>			
Cash & Cash Equivalents	\$ 68,601.03	\$ 171,021.19	\$ 239,622.22
Accounts Receivable	5,006.41	-	5,006.41
Current Portion of Interfund Receivables	17,190.00	-	17,190.00
Due From Other Funds	7,800.00	-	7,800.00
<u>Total Current Assets</u>	<u>98,597.44</u>	<u>171,021.19</u>	<u>269,618.63</u>
<u>Noncurrent Assets</u>			
Interfund Notes Receivable	240,678.78	-	240,678.78
Capital Assets not being Depreciated	103,576.40	-	103,576.40
Capital Assets being Depreciated	1,307,933.66	959,075.09	2,267,008.75
Less: Accumulated Depreciation	(596,108.00)	(440,884.48)	(1,036,992.48)
<u>Total Noncurrent Assets</u>	<u>1,056,080.84</u>	<u>518,190.61</u>	<u>1,574,271.45</u>
 Total Assets	 1,154,678.28	 689,211.80	 1,843,890.08
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	-	4,378.64	4,378.64
Accrued Interest Payable	-	7,000.00	7,000.00
Current Portion of Long-Term Debt	-	22,190.00	22,190.00
<u>Total Current Liabilities</u>	<u>-</u>	<u>33,568.64</u>	<u>33,568.64</u>
<u>Long-Term Liabilities</u>			
Bonds Payable	-	270,073.00	270,073.00
<u>Total Liabilities</u>	<u>-</u>	<u>303,641.64</u>	<u>303,641.64</u>
<u>Net Assets</u>			
Invested in Capital Assets Net of Related Debt	815,402.06	248,117.61	1,063,519.67
Unrestricted	339,276.22	137,452.55	476,728.77
<u>Total Net Assets</u>	<u>\$ 1,154,678.28</u>	<u>\$ 385,570.16</u>	<u>\$ 1,540,248.44</u>

The notes are an integral part of the statements.

Village of Peck
Statement of Revenues, Expenses, And Changes in Net Assets
Proprietary Funds
March 31, 2005

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>Operating Revenues</u>			
User Charges & Penalties	\$ 41,977.33	\$ 107,638.13	\$ 149,615.46
Service Connection Charges	1,360.00	5,960.00	7,320.00
 <u>Total Operating Revenues</u>	 43,337.33	 113,598.13	 156,935.46
 <u>Operating Expenses</u>			
Operation & Maintenance	24,194.03	43,829.06	68,023.09
General & Administration	13,400.00	11,579.12	24,979.12
Depreciation	27,206.00	25,517.00	52,723.00
 <u>Total Operating Expenses</u>	 64,800.03	 80,925.18	 145,725.21
 <u>Operating Income (Loss)</u>	 (21,462.70)	 32,672.95	 11,210.25
 <u>Nonoperating Revenues (Expenses)</u>			
Interest Earned	8,966.81	587.76	9,554.57
Interest Expense	-	(24,012.50)	(24,012.50)
Sale of Capital Assets	-	-	-
Capital Contribution	-	-	-
Transfers From (To) Other Funds	-	-	-
 Change in Net Assets	 (12,495.89)	 9,248.21	 (3,247.68)
 <u>Net Assets - Beginning of Year</u>	 1,167,174.17	 376,321.95	 1,543,496.12
 <u>Net Assets - End of Year</u>	 <u>\$ 1,154,678.28</u>	 <u>\$ 385,570.16</u>	 <u>\$ 1,540,248.44</u>

The notes are an integral part of the statements.

Village of Peck
Statement of Cash Flows
Proprietary Funds
For The Year Ended March 31, 2005

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Sewer</u>	<u>Water</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>Cash Flow From Operating Activities</u>			
Receipts from Customers	\$ 44,568.16	\$ 113,598.13	\$ 158,166.29
Payments for Operation, Maintenance, & Water	(24,194.03)	(39,997.54)	(64,191.57)
Payments for General & Administration	(13,400.00)	(11,579.12)	(24,979.12)
<u>Net Cash Provided by Operating Activity</u>	<u>6,974.13</u>	<u>62,021.47</u>	<u>68,995.60</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Transfers In (Out)	-	-	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital & Related Financing Activities</u>			
Interest Expense	-	(24,012.50)	(24,012.50)
Receipt of Capital Contributions	-	-	-
Net Proceeds from Issuance of Long-Term Debt	(197,263.00)	2,263.00	(195,000.00)
Sale (Purchase) of Capital Assets	-	(17,323.42)	(17,323.42)
<u>Net Cash Provided by Capital & Related Financing Activities</u>	<u>(197,263.00)</u>	<u>(39,072.92)</u>	<u>(236,335.92)</u>
<u>Cash Flows From Investing Activities</u>			
Interest received on Investments	8,966.81	587.76	9,554.57
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	<u>(181,322.06)</u>	<u>23,536.31</u>	<u>(157,785.75)</u>
<u>Cash & Cash Equivalents - Beginning of Year</u>	<u>249,923.09</u>	<u>147,484.88</u>	<u>397,407.97</u>
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 68,601.03</u>	<u>\$ 171,021.19</u>	<u>\$ 239,622.22</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>from Operating Activities</u>			
Operating Income (Loss)	(21,462.70)	32,672.95	11,210.25
Adjustments to Reconcile Operating Income (Loss) from			
Operating Activities:			
Depreciation	27,206.00	25,517.00	52,723.00
Changes in Assets & Liabilities:			
Receivables	1,230.83	-	1,230.83
Accounts Payable	-	3,831.52	3,831.52
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 6,974.13</u>	<u>\$ 62,021.47</u>	<u>\$ 68,995.60</u>

The notes are an integral part of the statements.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

The accounting methods and procedures adopted by the Village of Peck, Sanilac County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Village of Peck was organized in 1903 and is operating under a seven member Council form of government and provides the following services: public safety (police), highways and streets, sanitation, recreation, public improvements, planning and zoning and general administrative services. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village of Peck (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

Component Units - In conformity with generally accepted accounting principles, there are no component units of government required to be included in the financial reporting entity either as blended component units or discretely presented component units.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Major Street Fund - The Major Street Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

Local Street Fund - The Local Street Fund accounts for maintenance and improvement activities for streets designated as "local" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

Municipal Street Fund - The Municipal Street Fund accounts for maintenance and utilities for streetlights within the Village. Funding is provided primarily through a County and Township millage.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

Moore & Carter Building Fund – This fund accounts for the donation of a building.

Park Fund - This fund accounts for the general maintenance of the Village Park. Funding is provided primarily through contributions from the General Fund.

Senior Citizen Fund - This fund accounts for the activities in the Senior Citizen center. Funding is provided primarily through renting the center and contributions from the General Fund.

Storm Sewer Fund – This fund accounts for the maintenance of the storm sewer system. Funding is provided primarily through interest earnings.

Capital Project Fund - This fund accounts for the construction of the Bike Path. Funding is provided primarily through grants and other contributions.

The Village reports the following major Enterprise Funds & Internal Service Fund:

Water Fund - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

Sewer Fund - The Sewer Fund accounts for the activities of the sewage disposal system. Funding is provided primarily through user charges.

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, and other Compensated Absences - Vacation days are earned by employees at a rate from 4 to 15 days per year with unused days at year-end being forfeited.

Sick days are earned by employees at a rate of one day per month during the year. A maximum of 36 unused sick days may be accumulated by an employee. No provision has been made for accumulated sick pay liability since the amount is immaterial to the financial statements taken as a whole.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	30 to 50 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

Accounting Changes

GASB Statement No. 34 – Effective April 1, 2004, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

During the year ended March 31, 2005, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<u>General Fund</u>			
Drains at Large	\$ 2,700	\$ 3,291	\$ 591
Repairs & Maintenance	2,000	2,046	46
Automobile	2,000	3,626	1,626
<u>Major Street Fund</u>			
Fringe Benefits	1,250	1,503	253
Administration & Record-keeping	1,000	3,358	2,358
<u>Local Streets</u>			
Administration & Record-keeping	600	2,050	1,450
<u>Senior Citizens Fund</u>			
Supplies	0	250	250
<u>Park</u>			
Wages	2,500	3,010	510
Fringe Benefits	0	527	527
<u>Capital Improvement Fund</u>			
Transfers (Out)	0	43,853	43,853

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 197,943	\$ 239,622	\$ 437,565

The Village's deposits are in accordance with statutory authority. As of March 31, 2005, the balance sheet carrying amount of cash deposits was \$437,565. The bank balance as of March 31, 2005, was \$437,565, of which \$200,000 was covered by FDIC insurance.

All cash deposits and investments of the Village are held by the Village in the Village's name.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized					
Operating Funds					
GNMA Pool	92,130	0	0	273,424	273,424
A.G. Edwards Cash Accum Fund	33,868	0	0	50,609	50,609
Total Risk-Categorized					
Investments	<u>125,998</u>	<u>0</u>	<u>0</u>	<u>324,033</u>	<u>324,033</u>

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Village or its agent in the Village's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Village's name.

4. Property Taxes

The Village is responsible for collecting property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of July of the levy year and may be paid by the following August 31.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Village levied the following taxes:

General Operating	10.7521	mills
Municipal Streets	<u>0.5400</u>	mills
Total	<u>11.2921</u>	

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

5. Capital Assets

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	Balance April 1, 2004	Additions	Disposals & Adjustments	Balance March 31, 2005
Governmental Activities:				
Capital Assets not being Depreciated - Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital Assets Being Depreciated:				
General Government	449,614	-	-	449,614
Public Safety	-	20,391	-	20,391
Public Works	168,925	-	-	168,925
Total Capital Assets being Depreciated	618,539	20,391	-	638,930
Accumulated Depreciation:				
General Government	55,389	11,250	-	66,639
Public Safety	-	2,039	-	2,039
Public Works	79,742	12,865	-	92,607
Total Accumulated Depreciation	135,131	26,154	-	161,285
Net Capital Assets	<u>\$ 498,408</u>	<u>\$ (5,763)</u>	<u>\$ -</u>	<u>\$ 492,645</u>
Business-type Activities:				
Capital Assets not being Depreciated - Land	\$ 103,576	\$ -	\$ -	\$ 103,576
Capital Assets Being Depreciated:				
Sewage Treatment Plant	1,307,934	-	-	1,307,934
Water Distribution System	941,752	17,323	-	959,075
Total Capital Assets being Depreciated	2,249,686	17,323	-	2,267,009
Accumulated Depreciation:				
Sewage Treatment Plant	568,902	27,206	-	596,108
Water Distribution System	415,367	25,517	-	440,884
Total Accumulated Depreciation	984,269	52,723	-	1,036,992
Net Capital Assets	<u>\$ 1,368,993</u>	<u>\$ (35,400)</u>	<u>\$ -</u>	<u>\$ 1,333,593</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 11,250
Public Safety	2,039
Public Works	12,865
Total Governmental Activities	<u>\$ 26,154</u>
Business-type Activities:	
Sewer Fund	\$ 27,206
Water Fund	25,517
Total Business-type Activities	<u>\$ 52,723</u>

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

6. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
Sewer Fund	\$ 68,406	General Fund - M/H Building	\$ 30,606
	0	(L/T Debt) Major Street Fund	30,000
	<u>0</u>	(L/T Debt) Park Fund	<u>7,800</u>
Total	<u>\$ 68,406</u>	Total	<u>\$ 68,406</u>

Interfund Transfers reported in the Fund Statements are as follows:

	<u>Operating Transfers In</u>		<u>Operating Transfers Out</u>
Capital Improvement	\$ 43,853	General Fund	\$ 43,853
Senior Citizen Fund	6,000	General Fund	6,000
Park Fund	3,200	General Fund	3,200
Local Streets	6,554	Major Streets	6,554

7. Post Employment Benefits

The Village does not provide any post employment benefits.

8. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

Park Fund
Capital Project Fund

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

9. Long-Term Debt

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds & Contracts						
Tri-County Bank - 2004 Ford Crown Victoria						
Amount of Issue - \$20,391		\$6,607 -				
Maturing through 2007	2.85%	\$6,989	\$ -	\$ 20,391	\$ 20,391	\$ 6,607
Interfund Loan - Acquisition of M/C Building						
Amount of Issue - \$30,606						
Maturing terms not established	5.00%	\$30,606	\$ 30,606	\$ -	\$ 30,606	\$ -
Interfund Loan - Major Street Resurfacing						
Amount of Issue - \$30,000						
Maturing terms not established	0.00%	\$30,000	\$ 30,000	\$ -	\$ 30,000	\$ -
Total Governmental Activities			<u>\$ 60,606</u>	<u>\$ 20,391</u>	<u>\$ 80,997</u>	<u>\$ 6,607</u>
Business-type Activities						
Revenue Bonds & Interfund Loans						
1984 Water Supply System Revenue Refunding Bonds						
Amount of Issue - \$345,000	4.25% -	\$5,000				
Maturing through 2024	7.25%	\$25,000	\$ 290,000	\$ (198,800)	\$ 91,200	\$ 5,000
2004 Sewer Fund Loan to Water Fund						
Amount of Issue - \$197,263						
Maturing through 2014	3.00%	\$11,490	\$ -	\$ 197,263	\$ 197,263	\$ 17,190
Total Business-type Activities			<u>\$ 290,000</u>	<u>\$ (1,537)</u>	<u>\$ 288,463</u>	<u>\$ 22,190</u>
Total Primary Government			<u>\$ 350,606</u>	<u>\$ 18,854</u>	<u>\$ 369,460</u>	<u>\$ 28,797</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending March 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 6,607	\$ 581	\$ 7,188	\$ 22,189	\$ 11,964	\$ 34,153
2007	6,795	393	7,188	22,709	11,124	33,833
2008	6,989	199	7,188	28,244	10,104	38,348
2009	-	-	-	28,796	8,903	37,699
2010	-	-	-	29,364	7,680	37,044
2011-2014	-	-	-	160,959	19,035	179,994
Total	<u>\$ 20,391</u>	<u>\$ 1,173</u>	<u>\$ 21,564</u>	Total	<u>\$ 292,261</u>	<u>\$ 361,071</u>

The Interfund Loans from Sewer to the Moore & Carter Building Fund and Major Street Fund in the amounts of \$30,606 and \$30,000, respectively are on-demand notes. However, the Village is reporting the loans in long-term debt because it is not expected that the loans will be paid in the foreseeable future.

Village of Peck
Notes to the Financial Statements
For The Year Ended March 31, 2005

10. Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

11. Special Assessments Receivable

As stated in Note 6, the Village has specially assessed sewer system users to repay refunding bonds issued. The assessments are due over 30 years and bear interest solely to finance construction costs of the sewer system. They have been recorded as contributed equity in the sewer fund.

Required Supplemental Information

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
<u>Taxes</u>				
Current Property Tax	\$ 99,000.00	\$ 99,000.00	\$ 109,798.08	\$ 10,798.08
<u>State Shared Revenue</u>	64,500.00	64,500.00	62,862.00	(1,638.00)
<u>Charges for Services</u>				
Administration & Record-keeping	24,400.00	24,400.00	30,187.12	5,787.12
Liquor Licenses	950.00	950.00	1,110.15	160.15
Garbage Collections	22,000.00	22,000.00	21,758.22	(241.78)
<u>Total Charges for Services</u>	47,350.00	47,350.00	53,055.49	5,705.49
<u>Interest & Rents</u>				
Equipment & Building Rent	24,000.00	24,000.00	34,096.83	10,096.83
Interest Income	4,000.00	4,000.00	7,595.29	3,595.29
<u>Total Interest & Rents</u>	28,000.00	28,000.00	41,692.12	13,692.12
<u>Other Revenues</u>				
Miscellaneous	5,000.00	5,000.00	6,345.83	1,345.83
Loan Proceeds	-	-	20,241.00	20,241.00
<u>Total Revenues</u>	<u>\$ 243,850.00</u>	<u>\$ 243,850.00</u>	<u>\$ 293,994.52</u>	<u>\$ 50,144.52</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Expenditures</u>				
<u>General Government</u>				
Wages	\$ 16,500.00	\$ 30,300.00	\$ 30,067.00	\$ 233.00
Officials' Salaries	18,000.00	18,000.00	14,215.00	3,785.00
Fringe Benefits	11,000.00	11,000.00	5,634.66	5,365.34
Supplies	3,500.00	3,500.00	3,354.52	145.48
Professional Fees	10,000.00	10,000.00	8,391.82	1,608.18
Insurance	43,500.00	43,500.00	42,234.25	1,265.75
Utilities/Telephone	5,000.00	5,000.00	3,183.34	1,816.66
Election	300.00	300.00	33.74	266.26
Drains at Large Assessment	2,700.00	2,700.00	3,291.06	(591.06)
Repairs & Maintenance	2,000.00	2,000.00	2,045.93	(45.93)
Miscellaneous	8,700.00	8,700.00	4,348.01	4,351.99
<u>Total General Government</u>	<u>121,200.00</u>	<u>135,000.00</u>	<u>116,799.33</u>	<u>18,200.67</u>
<u>Public Safety</u>				
Wages	14,800.00	32,000.00	30,732.01	1,267.99
Employee Benefits	6,000.00	6,000.00	2,740.52	3,259.48
Auto Expense	2,000.00	2,000.00	3,475.63	(1,475.63)
Supplies/Repairs & Maintenance	1,500.00	1,500.00	523.97	976.03
Miscellaneous	1,300.00	1,300.00	686.25	613.75
<u>Total Public Safety</u>	<u>25,600.00</u>	<u>42,800.00</u>	<u>38,158.38</u>	<u>4,641.62</u>
<u>Public Works</u>				
Wages	39,000.00	45,000.00	43,295.64	1,704.36
Employee Benefits	20,000.00	20,000.00	7,585.47	12,414.53
Supplies	7,500.00	7,500.00	5,592.75	1,907.25
Repairs/Park Mowing/Sidewalks	14,000.00	6,500.00	5,804.82	695.18
Gas & Repairs	3,500.00	5,500.00	4,915.48	584.52
Trash Collection	21,000.00	21,000.00	20,463.92	536.08
<u>Total Public Works</u>	<u>105,000.00</u>	<u>105,500.00</u>	<u>87,658.08</u>	<u>17,841.92</u>
Capital Outlay	29,200.00	29,200.00	73,069.00	(43,869.00)
<u>Total Expenditures</u>	<u>281,000.00</u>	<u>312,500.00</u>	<u>315,684.79</u>	<u>40,684.21</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(37,150.00)	(68,650.00)	(21,690.27)	9,460.31
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	(31,000.00)	34,652.96	(65,652.96)
<u>Excess of Revenues & Other Sources Over (Under)</u>				
<u>Expenditures & Other Uses</u>	(37,150.00)	(99,650.00)	12,962.69	112,612.69
<u>Fund Balance - Beginning of Year</u>	37,150.00	99,650.00	148,614.08	48,964.08
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,576.77</u>	<u>\$ 161,576.77</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Major Street Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
State Shared Revenue	\$ 23,000.00	\$ 23,000.00	\$ 26,216.27	\$ 3,216.27
State Trunk Line Maintenance	7,000.00	7,000.00	6,335.13	(664.87)
Interest Income	100.00	100.00	175.58	75.58
Miscellaneous	2,000.00	2,000.00	856.74	(1,143.26)
<u>Total Revenues</u>	<u>32,100.00</u>	<u>32,100.00</u>	<u>33,583.72</u>	<u>1,483.72</u>
<u>Expenditures</u>				
Salaries & Wages	2,500.00	2,500.00	1,132.44	1,367.56
Fringe Benefits	1,250.00	1,250.00	1,503.45	(253.45)
Administration & Record-keeping	1,000.00	1,000.00	3,358.00	(2,358.00)
Repairs & Maintenance	7,500.00	15,050.00	7,381.25	7,668.75
Trunk Line Maintenance	41,150.00	25,600.00	16,330.19	9,269.81
Equipment Rent	3,000.00	3,000.00	850.52	2,149.48
Other Expenditures	200.00	200.00	-	200.00
<u>Total Expenditures</u>	<u>56,600.00</u>	<u>48,600.00</u>	<u>30,555.85</u>	<u>18,044.15</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(24,500.00)</u>	<u>(16,500.00)</u>	<u>3,027.87</u>	<u>19,527.87</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	(8,000.00)	(6,554.07)	1,445.93
<u>Net Change in Fund Balance</u>	<u>(24,500.00)</u>	<u>(24,500.00)</u>	<u>(3,526.20)</u>	<u>20,973.80</u>
<u>Fund Balance - Beginning of Year</u>	<u>24,500.00</u>	<u>24,500.00</u>	<u>14,760.79</u>	<u>(9,739.21)</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,234.59</u>	<u>\$ 11,234.59</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Local Street Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
State Shared Revenue	\$ 11,500.00	\$ 11,500.00	\$ 13,421.12	\$ 1,921.12
Interest Income	25.00	25.00	103.15	78.15
Other Revenues	1,500.00	1,500.00	438.75	(1,061.25)
<u>Total Revenues</u>	<u>13,025.00</u>	<u>13,025.00</u>	<u>13,963.02</u>	<u>938.02</u>
<u>Expenditures</u>				
Salaries & Wages	3,000.00	3,000.00	2,870.03	129.97
Fringe Benefits	1,500.00	1,500.00	703.92	796.08
Administration & Record-keeping	600.00	600.00	2,050.00	(1,450.00)
Repairs & Maintenance	6,500.00	8,700.00	5,155.78	3,544.22
Equipment Rent	6,000.00	6,000.00	4,771.52	1,228.48
Other Expenditures	7,425.00	13,225.00	21.92	13,203.08
<u>Total Expenditures</u>	<u>25,025.00</u>	<u>33,025.00</u>	<u>15,573.17</u>	<u>17,451.83</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(12,000.00)</u>	<u>(20,000.00)</u>	<u>(1,610.15)</u>	<u>18,389.85</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	8,000.00	6,554.07	(1,445.93)
<u>Net Change in Fund Balances</u>	<u>(12,000.00)</u>	<u>(12,000.00)</u>	<u>4,943.92</u>	<u>16,943.92</u>
<u>Fund Balance - Beginning of Year</u>	<u>12,000.00</u>	<u>12,000.00</u>	<u>14,268.87</u>	<u>2,268.87</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,212.79</u>	<u>\$ 19,212.79</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Municipal Street Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 27,000.00	\$ 27,000.00	\$ 28,568.44	\$ 1,568.44
Interest Income	200.00	200.00	328.74	128.74
<u>Total Revenues</u>	<u>27,200.00</u>	<u>27,200.00</u>	<u>28,897.18</u>	<u>1,697.18</u>
<u>Expenditures</u>				
Street Lights	14,000.00	14,000.00	13,524.13	475.87
Street Maintenance	45,200.00	45,200.00	3,445.00	41,755.00
<u>Total Expenditures</u>	<u>59,200.00</u>	<u>59,200.00</u>	<u>16,969.13</u>	<u>42,230.87</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(32,000.00)</u>	<u>(32,000.00)</u>	<u>11,928.05</u>	<u>43,928.05</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balances</u>	<u>(32,000.00)</u>	<u>(32,000.00)</u>	<u>11,928.05</u>	<u>43,928.05</u>
<u>Fund Balance - Beginning of Year</u>	<u>32,000.00</u>	<u>32,000.00</u>	<u>35,379.56</u>	<u>3,379.56</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,307.61</u>	<u>\$ 47,307.61</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Moore & Carter Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Interest Income	\$ 50.00	\$ 50.00	\$ 93.26	\$ 43.26
<u>Total Revenues</u>	<u>50.00</u>	<u>50.00</u>	<u>93.26</u>	<u>43.26</u>
<u>Expenditures</u>				
Repairs & Maintenance	1,000.00	1,000.00	-	1,000.00
<u>Total Expenditures</u>	<u>1,000.00</u>	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(950.00)</u>	<u>(950.00)</u>	<u>93.26</u>	<u>1,043.26</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balances</u>	<u>(950.00)</u>	<u>(950.00)</u>	<u>93.26</u>	<u>1,043.26</u>
<u>Fund Balance - Beginning of Year</u>	<u>13,720.00</u>	<u>13,720.00</u>	<u>14,129.10</u>	<u>409.10</u>
<u>Fund Balance - End of Year</u>	<u>\$ 12,770.00</u>	<u>\$ 12,770.00</u>	<u>\$ 14,222.36</u>	<u>\$ 1,452.36</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Park Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Interest Income	\$ -	\$ -	\$ 0.05	\$ 0.05
<u>Total Revenues</u>	<u>-</u>	<u>-</u>	<u>0.05</u>	<u>0.05</u>
<u>Expenditures</u>				
Wages	2,500.00	2,500.00	3,009.86	(509.86)
Fringe Benefits	-	-	527.33	(527.33)
Utilities	-	1,000.00	-	1,000.00
<u>Total Expenditures</u>	<u>2,500.00</u>	<u>3,500.00</u>	<u>3,537.19</u>	<u>(37.19)</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(2,500.00)</u>	<u>(3,500.00)</u>	<u>(3,537.14)</u>	<u>(37.14)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	2,500.00	3,500.00	3,200.00	(300.00)
<u>Net Change in Fund Balances</u>	<u>-</u>	<u>-</u>	<u>(337.14)</u>	<u>(337.14)</u>
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>(7,450.74)</u>	<u>(7,450.74)</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,787.88)</u>	<u>\$ (7,787.88)</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Senior Citizen Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Rental Income	\$ 500.00	\$ 500.00	\$ 950.00	\$ 450.00
<u>Total Revenues</u>	<u>500.00</u>	<u>500.00</u>	<u>950.00</u>	<u>450.00</u>
<u>Expenditures</u>				
Supplies	-	-	249.81	(249.81)
Utilities	4,500.00	4,400.00	4,186.97	213.03
Repairs & Maintenance	-	2,600.00	2,588.57	11.43
<u>Total Expenditures</u>	<u>4,500.00</u>	<u>7,000.00</u>	<u>7,025.35</u>	<u>(25.35)</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(4,000.00)</u>	<u>(6,500.00)</u>	<u>(6,075.35)</u>	<u>424.65</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	4,000.00	6,500.00	6,000.00	(500.00)
<u>Net Change in Fund Balances</u>	<u>-</u>	<u>-</u>	<u>(75.35)</u>	<u>(75.35)</u>
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>286.56</u>	<u>286.56</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211.21</u>	<u>\$ 211.21</u>

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Storm Sewer Fund
For The Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Interest Income	\$ -	\$ -	\$ 1.46	\$ 1.46
<u>Total Revenues</u>	-	-	1.46	1.46
<u>Expenditures</u>				
Repairs & Maintenance	1,000.00	1,000.00	-	1,000.00
<u>Total Expenditures</u>	1,000.00	1,000.00	-	1,000.00
<u>Excess of Revenues Over (Under) Expenditures</u>	(1,000.00)	(1,000.00)	1.46	1,001.46
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	1,000.00	1,000.00	-	(1,000.00)
<u>Net Change in Fund Balances</u>	-	-	1.46	1.46
<u>Fund Balance - Beginning of Year</u>	-	-	227.95	227.95
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 229.41	\$ 229.41

Village of Peck
Required Supplemental Information
Budgetary Comparison Schedule
Capital Project Fund
For The Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Grant Proceeds	\$ -	\$ 81,750.00	\$ -	(81,750.00)
<u>Total Revenues</u>	<u>-</u>	<u>81,750.00</u>	<u>-</u>	<u>(81,750.00)</u>
<u>Expenditures</u>				
Capital Outlay	40,000.00	210,000.00	6,370.65	203,629.35
<u>Total Expenditures</u>	<u>40,000.00</u>	<u>210,000.00</u>	<u>6,370.65</u>	<u>203,629.35</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>(40,000.00)</u>	<u>(128,250.00)</u>	<u>(6,370.65)</u>	<u>121,879.35</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	40,000.00	128,250.00	(43,852.96)	(172,102.96)
<u>Net Change in Fund Balances</u>	<u>-</u>	<u>-</u>	<u>(50,223.61)</u>	<u>(50,223.61)</u>
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>29,724.70</u>	<u>29,724.70</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,498.91)</u>	<u>\$ (20,498.91)</u>

Other Supplemental Information

Village of Peck
Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

**Series 2002 Sanilac Co., Brown City Water Tower
Rehabilitation Project Bonds**

Dated: March 1, 2003
Original Issue: \$200,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
		2005	2004	
6.40%	6/1/2004	\$ -	\$ 5,000	\$ 10,085
6.40%	12/1/2004	-	-	9,927
6.50%	6/1/2005	5,000	5,000	3,167
6.50%	12/1/2005	-	-	3,007
6.50%	6/1/2006	5,000	5,000	3,007
6.50%	12/1/2006	-	-	2,847
6.60%	6/1/2007	10,000	10,000	2,847
6.60%	12/1/2007	-	-	2,522
6.60%	6/1/2008	10,000	10,000	2,522
6.60%	12/1/2008	-	-	2,197
6.75%	6/1/2009	10,000	10,000	2,197
6.75%	12/1/2009	-	-	1,867
6.75%	6/1/2010	10,000	10,000	1,867
6.75%	12/1/2010	-	-	1,537
6.90%	6/1/2011	10,000	10,000	1,537
6.90%	12/1/2011	-	-	1,200
6.90%	6/1/2012	10,000	10,000	1,200
6.90%	12/1/2012	-	-	862
6.90%	6/1/2013	10,000	10,000	862
6.90%	12/1/2013	-	-	517
6.90%	6/1/2014	15,000	15,000	517
Total		\$ 95,000	\$ 100,000	\$ 56,291

Dated: August 17, 2004
Original Issue: \$20,391

<u>Tri-County Bank</u> <u>2004 Ford Crown Victoria</u>	Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
			2005	2004	
	2.85%	8/17/2005	\$ 6,607	\$ -	\$ 581
	2.85%	8/17/2006	6,795	-	393
	2.85%	8/17/2007	6,989	-	199
Total			\$ 20,391	\$ -	\$ 1,173

Village of Peck
Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

**Series 2002 Sanilac Co., Brown City Water Tower
Rehabilitation Project Bonds**

Dated: March 1, 2003
Original Issue: \$200,000

	Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
			2005	2004	
	3.00%	4/1/2005	\$ 8,531	\$ -	\$ 2,959
	3.00%	10/1/2005	8,659	-	2,831
	3.00%	4/1/2006	8,789	-	2,701
	3.00%	10/1/2006	8,920	-	2,569
	3.00%	4/1/2007	9,054	-	2,435
	3.00%	10/1/2007	9,190	-	2,300
	3.00%	4/1/2008	9,328	-	2,162
	3.00%	10/1/2008	9,468	-	2,022
	3.00%	4/1/2009	9,610	-	1,880
	3.00%	10/1/2009	9,754	-	1,736
	3.00%	4/1/2010	9,900	-	1,589
	3.00%	10/1/2010	10,049	-	1,441
	3.00%	4/1/2011	10,200	-	1,290
	3.00%	10/1/2011	10,353	-	1,137
	3.00%	4/1/2012	10,508	-	982
	3.00%	10/1/2012	10,665	-	824
	3.00%	4/1/2013	10,825	-	664
	3.00%	10/1/2013	10,988	-	502
	3.00%	4/1/2014	11,153	-	337
	3.00%	10/1/2014	11,320	-	170
Total Revenue Bonds			<u>\$ 197,263</u>	<u>\$ -</u>	<u>\$ 32,532</u>

	Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
			2005	2004	
<u>Interfund Loans</u>					
Sewer Fund - M/C Building	5.00%	Open	\$ 30,606	\$ 30,606	\$ -
Major Street Fund	0.00%	Open	30,000	30,000	-
Total Interfund Loans			<u>\$ 60,606</u>	<u>\$ 60,606</u>	<u>\$ -</u>
Total Revenue Bonds, Notes Payable, & Interfund Loans			<u>\$ 373,260</u>	<u>\$ 160,606</u>	<u>\$ 89,996</u>

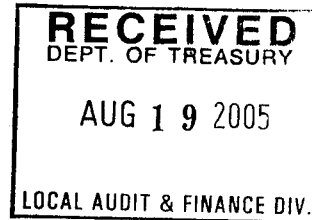
LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

June 6, 2005

Members of the Village Council
Village of Peck



Council Members:

In accordance with your request, I have made an examination of the financial statements of the Village of Peck for the fiscal year ended, March 31, 2005. During the course of my examination, the following material items came to my attention:

1. Per P.A. 621 of 1968, the board does not have authorization to spend monies that exceed the budget. The budget must be amended prior to it being exceeded. Amendments to the budget must be detailed as to the increase and decrease amount of each line item being changed. Also, a budget needs to be adopted for the Bryce Road Debt Service Fund and the building Construction Debt Service Fund. Each of the Township's funds should have its own, separate adopted budget.
2. It is my opinion that several funds should be closed into the General Fund. These funds include: Moore & Carter Fund, Senior Citizen Fund, Park Fund, Storm Sewer Fund and Capital Improvement Fund (Bike Path). All the activity of these funds could be accounted for in the General Fund, thus, simplifying the Village's accounting System.

From an overall viewpoint, the Village of Peck is in good financial condition. I thank the Village officials and employees for the cooperation I received in the completion of this examination.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant

Village of Peck

March 31, 2005

Overall Fund Rating

<u>Fund</u>	<u>Rating</u>	<u>3/31/05</u>	<u>3/31/04</u>	<u>3/31/03</u>
General	Good	\$161,577	\$149,579	\$245,338
Major Streets	Fair	11,234	14,461	14,431
Local Streets	Fair	19,213	14,269	409
Municipal Streets	Good	47,308	35,380	35,502
Water Supply System	Very Good	137,453	92,011*	50,940*
Sewage Disposal System	Excellent	339,275	323,329*	313,600*

* Working Capital (Deficit)

Maintaining balanced budgets for all Village operations continues to be essential, along with periodic review of the budgets compared to actual expenditures.

The General Fund balance increased by \$12,000. The General Fund had operating revenues of \$274,000 for the year ended March 31, 2005. The operating expenditures were \$243,000 with Capital Outlay and fund transfers of \$18,000.

Water rate increases over past 3-4 years has put the Water Fund in a stable position. Water Fund's working capital increased by \$45,000 last fiscal year. This gives the Water Fund a good working cash flow.

Current sewer rates do not cover "normal" operating expenses, excluding interest and depreciation. Any major repairs or improvements will have to be paid from the current cash balances.

It is my opinion that several funds could be closed into the General Fund. These funds include: Moore & Carter Fund, Senior Citizen Fund, Park Fund, Storm Sewer Fund and Capital Improvement Fund (Bike Path). All the activity of these funds could be accounted for in the General Fund, thus, simplifying your accounting System.